



Chairman & CEO Tateo Mataki (left)
President & COO Tatsuyoshi Takashima (right)

Message from the President



On June 28, 2007, former President and CEO Tateo Mataka was appointed to the position of Chairman and CEO, and Tatsuyoshi Takashima stepped up from his former role as Executive Vice President to the position of President and COO. The new management structure underscores the Dentsu Group's commitment to enhancing its businesses worldwide.

Financial Results for the Fiscal Year Ended March 31, 2007

During the fiscal year ended March 31, 2007, the Japanese economy was characterized by robust corporate performance, which brought about improvements in employment and personal income and rippled outward to affect household spending. Personal consumption continued its gradual growth, centered on private-sector demand.

The advertising market continued to grow for the third consecutive year, albeit at a slower rate. According to Dentsu's research, in calendar year 2006 total advertising expenditures in Japan rose 0.6% year-on-year; to ¥5,995.4 billion. Of this amount, advertising expenditures in the four traditional mass media declined 2.0%, falling for the second consecutive year, whereas Internet advertising expenditures soared 29.3%.

In this operating environment, the Dentsu Group strove to be "A Partner in Creating Value" for clients, media and

content owners, and consumers. Broad-ranging business developments enabled us to achieve steady growth in the domestic advertising market, cultivate advertising-related markets, and expand our operations in the content and overseas markets.

The 2006 FIFA World Cup™ Germany in June and the 15th Asian Games Doha 2006 in December provided opportunities for business expansion, which contributed to our operating results.

As a result, our 2006 consolidated net sales increased 6.7% from the previous year, to ¥2,093,976 million—a new high and the first time Dentsu surpassed the ¥2 trillion mark. Gross profit grew 6.9%, to ¥348,391 million, and operating income increased to ¥62,834 million, up 6.9%. Net income, however, fell 1.0%, to ¥30,688 million, owing to such factors as the absence of an extraordinary gain on the contributions of the stock holding trust for our retirement benefits plan posted in the previous year.

Outlook for the Fiscal Year Ending March 31, 2008

A Cabinet Office report issued on January 25, 2007, forecasts that the Japanese economy will continue its self-sustaining expansion in the fiscal year ending March 31, 2008, driven by ongoing improvements in the corporate and household sectors, combined with stable commodity prices. The report



predicted a 2.0% increase in real gross domestic product (GDP) and a 2.2% rise in nominal GDP. Meanwhile, as of March 2007 the Japan Center for Economic Research anticipated a 1.8% year-on-year rise in total advertising expenditures in Japan for the fiscal year ending March 31, 2008. We believe that the advertising industry serves a vital social mission of sustaining ongoing growth in corporate performance by effectively linking it to the stimulation of personal consumption—an area which is taking a favorable turn.

The fiscal year ending March 31, 2008, will offer such advertising opportunities as the Upper House elections, the International Association of Athletics Federations (IAAF) World Championships in Athletics Osaka 2007 and the Tokyo Motor Show. In the upcoming fiscal year, we expect to generate consolidated net sales of ¥2,107,073 million, up 0.6%, and operating income of ¥63,842 million, up 1.6%. We anticipate a 20.6% increase in net income, to ¥37,004 million.

Corporate Vision: “A Partner in Creating Value”

The Dentsu Group’s vision of “A Partner in Creating Value” refers to the Company’s contributions to creating economic benefits for clients, consumers and media- and content-related companies. It also serves as a reminder of our ongoing effort to enhance, enrich and fulfill the lives of these

audiences by implementing the Group’s social mission.

The business environment surrounding the advertising industry is constantly changing. The values that our clients and the media expect us to deliver are evolving along with the technical innovations and changes in consumers’ attitudes. In this ever-shifting environment, we seek to remain the preferred choice for “A Partner in Creating Value.” While anticipating overall changes in society, we must enhance existing businesses and launch businesses according to new models. Leveraging the power of both individuals and the team, we continually seek new insight and innovation with the goal of providing comprehensive services to clients around the world. In this way, Dentsu will strengthen its Group companies and at the same time continue its global growth.

We will steadily meet clients’ needs by nurturing people who will contribute to the future growth of the Dentsu Group. At the same time, we will employ a host of media and content to communicate with consumers as we seek to give them a greater sense of happiness, and to generate prosperity, vitality and optimism in our society.

Medium-Term Growth Strategies

The Dentsu Group is working to expand its businesses in four strategically defined markets: domestic advertising,



advertising-related markets, content and overseas. As we endeavor to boost our operating performance, we see promotion, interaction, sports and overseas businesses as drivers of growth within these four strategic markets.

In the promotion business, we will focus on the areas in which we can anticipate clients' needs over the medium to long term, thus boosting profitability. An example of one of our priority measures is adding value to existing promotional activities, such as our Groupwide effort in supporting the sales activities led by Dentsu and Dentsu Tec. Another example is providing integrated services leveraging digitization, such as CRM.

In the interactive businesses, we view the Internet media and solutions businesses as major drivers of growth, and we will take a multifaceted approach to developing these areas. In addition to search advertising, which is tipped to be a significant growth area, we are striving to develop new revenue and profit models for advertising communications through consumer-generated media, including video and social networking sites.

We are redoubling our efforts in sports marketing to increase synergies with the advertising and advertising-related markets. To this end, we have concluded marketing agreements with such international sporting bodies as the Fédération Internationale de Football Association (FIFA), the

International Olympic Committee (IOC), the International Association of Athletics Federations (IAAF) and the Fédération Internationale de Natation (FINA). We will expand our sports marketing business by leveraging our rights to the events these organizations sponsor and enhancing the participation of sports fans.

In overseas businesses, we are aligning our sales structure and expanding our operations to ensure that we remain the preferred choice for "A Partner in Creating Value" for our clients. We are upgrading and reinforcing our overseas network and liaising with the Publicis Groupe to respond to sophisticated client needs.

As the Dentsu Group seeks to deliver integrated services on a global scale to resolve the communication issues that our clients face, we will pursue sustained business expansion under the concept of "Groupwide and Globally Oriented."

We thank our shareholders for their cooperation and ask for their ongoing support of the Dentsu Group.

June 28, 2007

Chairman & CEO

President & COO